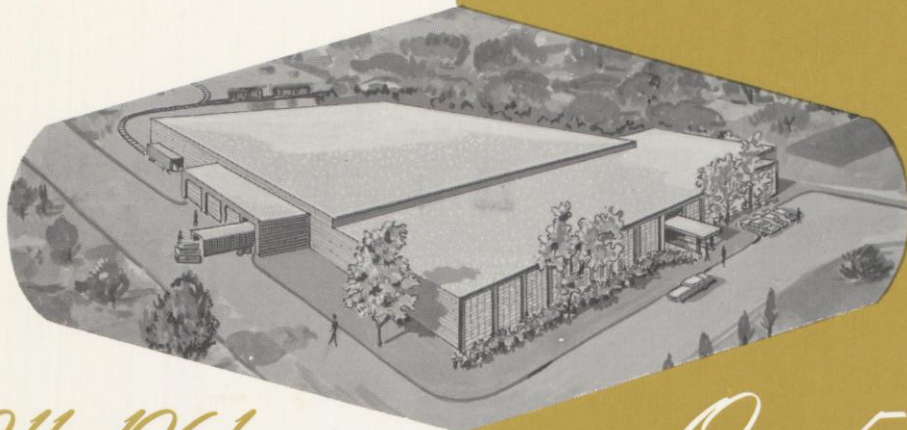


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CORPORATION FILE

VARIETY — JR. DEPT. STORES

AMERICA'S FAVORITE



1911-1961

Our 50th Anniversary Year



NEISNER BROTHERS, INC. **ANNUAL REPORT 1960**

PROGRESS

ANOTHER SELF-
SERVICE STORE,
DEL RIO, TEXAS,
Opened Aug. 25, 1960

FRONT COVER —
ARTIST'S SKETCH,
DISTRIBUTION
CENTER. *(Under Construction)*

AND

PORT CHARLOTTE, FLA.,
Opened March 3, 1960



NEISNER BROTHERS, INC.

• Executive and Buying Offices •

49 East Avenue • Rochester, New York

Buying Office	1124 Broadway	New York
District Offices	1 N. Pulaski Road	Chicago
	13700 Woodward Avenue	Detroit
	3580 Harlem Road	Buffalo
	17070 Collins Avenue	Miami Beach
Distribution Center	1357 University Avenue	Rochester, New York

DIRECTORS

FRED NEISNER
MELVIN B. NEISNER
ABRAHAM H. MILSTEIN
F. GORDON DUFFY
DAVID FRANCIS
RUDOLPH F. STARK
DAVID H. MORRISON
J. J. MYLER
M. H. GOLDMAN

OFFICERS

FRED NEISNER
Chairman of the Board
MELVIN B. NEISNER
President
ABRAHAM H. MILSTEIN
Vice President
F. GORDON DUFFY
Vice President
PHILIP COOPER
Vice President
DAVID FRANCIS
Secretary
RUDOLPH F. STARK
Treasurer

TRANSFER AGENT - BANKERS TRUST COMPANY
REGISTRAR - THE CHASE MANHATTAN BANK

The next annual meeting of the stockholders will be held in Rochester, New York, on Monday, April 10, 1961. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on March 17, 1961. At that time proxies will be requested by the management.

TO OUR
STOCKHOLDERS,
EMPLOYEES,
AND FRIENDS

WE HEREWITH SUBMIT the Annual Report of your Company, including the Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, and the Analysis of the Surplus Accounts for the year ended December 31, 1960.

SALES of the Company in 1960 reached a new high of \$73,491,509.90 compared with \$69,729,800.67 for 1959, an increase of \$3,761,709.23 or 5.39%. Unfortunately, all of this sales increase came from new stores which were opened during 1960 or 1959. Stores that were open for the full twelve months in both years dropped in volume. Sales in the last several months were particularly disappointing compared to earlier estimates. We had 170 stores in operation on December 31, 1960, as against 162 stores in operation at the end of 1959.

EARNINGS for the year 1960 dropped to \$115,463.86, a sharp percentage decrease from the previous year's earnings of \$511,128.69. Profit amounted to 18¢ a common share, compared with 81¢ for 1959. The poor earnings were due to a combination of factors, the most important of which were the large opening expenses of fourteen new stores, the largest number of new stores we have opened in any one year since 1930, and the previously mentioned disappointing fall and Christmas business.

FINANCIAL PICTURE — Working capital as of December 31, 1960, was \$8,180,527.94, compared with \$9,160,616.80 as of December 31, 1959. The decrease in working capital was due to an excess of over \$200,000 in new capital outlays over depreciation and amortization for the year, another payment of \$350,000 on our long-term indebtedness, and an excess of dividends paid over earnings. Cash amounted to \$1,871,833.21, compared with \$2,014,142.14 at the close of the previous year. Book value of our common stock was \$27.41 as of December 31, 1960.

INVENTORIES in the stores, in the Distribution Center, and in transit on December 31, 1960, were \$13,227,599.74 compared with \$13,632,669.65 at the end of the previous year. We had a lower inventory in spite of the fact that we had eight additional stores in operation at the end of the year compared with the previous year. We feel that we are in very good condition to take advantage of current market conditions.

EXPANSION — Separate notes on expansion will be found on a later page in this report.

PERSONNEL — During the year 1960 we made numerous changes in our Employees' Retirement Plan, which we feel will strengthen the Plan for the employees and still result in lower cost to the Company. We also installed

another Stock Purchase Plan for employees to take the place of the previous one which was expiring at the close of 1960. All other employee benefit plans are being continued.

During 1960 an additional seventeen persons completed twenty-five years each with the Company. At the end of 1960, 182 employees belonged to the Twenty-five year Club. In 1961, an additional fourteen employees will complete, or have completed, twenty-five years of service to the Company.

Mr. M. Harry Goldman, an employee of thirty-five years' service with the Company, resigned as Vice President and Merchandise Manager as of November 1, 1960. He continues as a member of the Board of Directors. Mr. Philip Cooper, with twenty-five years of experience with Neisner Brothers, was elected Vice President and Merchandise Manager to succeed Mr. Goldman.

Although 1960 was certainly a difficult year for the Company, we again want to thank our employees for their loyalty and support during the year. Without their cooperation, it would have been much more difficult.

SUPPLIERS—Once again it is our pleasure to acknowledge publicly our indebtedness to the large number of suppliers who continued to give us such fine service during 1960. Without their help, we could not have operated as efficiently as we did.

OUTLOOK—Sales for the first two months of 1961 show a small decrease, but these figures are distorted because of the loss of one Saturday in January and one business day in February. Sales for the past several weeks have been quite good, and we anticipate a sizable sales increase for the year. We are optimistic about 1961 not only in terms of sales but also in terms of net profit. Net profit for the year should show a sharp rebound from the 1960 figure.

Sincerely yours,

Les Neisner

Chairman of the Board

M. B. Neisner

President

Since 1946, Neisner's has honored loyal employees with 25 years of service. Each one receives a wrist watch, a diamond 25-Year Service Pin, and a net \$1,000 check.

Pictured below are the 196 members in a photographic display at the GENERAL OFFICES reception room.



NEISNER'S

AMERICA'S FAVORITE
VARIETY-JR. DEPT. STORES

A NEW YORK STATE CORPORATION
AND SUBSIDIARY COMPANIES

ASSETS

CURRENT

Cash in Banks, in Transit and On Hand	\$ 1,871,833.21	
Trade and Sundry Accounts and Notes Receivable Due Currently (less reserve)	665,957.63	
Merchandise Inventories at Stores, Distribution Center, and in Transit (See Note 2)	<u>13,227,599.74</u>	\$15,765,390.58

OTHER

Cash Surrender Value of Life Insurance	\$ 415,100.00	
Note Receivable Balance Due After One Year	<u>12,500.00</u>	427,600.00

PROPERTY, PLANT, AND EQUIPMENT

Land and Buildings Owned	\$ 1,694,107.29	
Less Depreciation	<u>227,150.96</u>	\$ 1,466,956.33
Cost of Leaseholds and Improvements to Leased Properties	\$ 8,889,727.74	
Less Amortization	<u>4,632,797.50</u>	4,256,930.24
Furniture, Fixtures and Equipment	\$13,189,486.71	
Less Depreciation	<u>7,806,491.86</u>	<u>5,382,994.85</u>
		11,106,881.42

DEFERRED CHARGES

Advances to Landlords and Agents, Collectible in Cash or by Deductions From Rent	\$ 177,972.48	
Prepaid Insurance and Sundry	<u>647,416.88</u>	825,389.36
		<u>\$28,125,261.36</u>

NOTE 1 The company borrowed \$4,600,000.00 from insurance companies under agreements dated October 19, 1955, which require that consolidated working capital be maintained at the greater of \$6,000,000.00 or \$4,800,000.00 (150% of consolidated funded indebtedness). The amount of consolidated earned surplus available for common stock dividends, purchases and redemptions is limited to approximately \$1,139,846.40 at December 31, 1960. Consolidated earned surplus balance of \$14,965,798.46 is restricted.

NOTE 2 The merchandise inventories at stores as of December 31, 1960 are stated at the lower of cost or market, as calculated by the retail method of inventories. Inventories in warehouse and food product inventories in restaurants are stated at cost.

CONSOLIDATED
BALANCE SHEET

AS AT

DECEMBER 31, 1960

LIABILITIES AND CAPITAL

CURRENT

Notes Payable:

Banks	\$ 2,250,000.00	
Long-Term - Amount Due in One Year (See Below) (See Note 1)	350,000.00	
Accounts Payable: Trade	2,493,229.63	
Accounts Payable: Other and Accruals	2,248,043.52	
Accrued Federal and State Taxes	243,589.49	\$ 7,584,862.64

LONG TERM INDEBTEDNESS (See Note 1)

Notes Payable Due August 1, 1970, Payable in Annual Installments of \$350,000.00.		
Balance Payable	\$ 3,550,000.00	
Less Installment Due August 1, 1961 (See Above)	350,000.00	3,200,000.00

CAPITAL AND SURPLUS

Common Stock: Par Value \$1.00 a share.

Authorized	2,000,000 shares	
Issued (See Note 4)	632,517 shares	\$ 632,517.00

SURPLUS (See Note 1)

Capital	\$ 602,236.86	
Earned	16,105,644.86	16,707,881.72
		17,340,398.72
		<u>\$28,125,261.36</u>

NOTE 3 At December 31, 1960 the minimum annual rental upon property leased to the corporation under 166 leases expiring after December 31, 1963 amounted to approximately \$4,173,545.95, plus real estate taxes, insurance, repairs, etc.

NOTE 4 On August 22, 1957, stockholders approved a Restricted Stock Option Plan which authorized the granting of options for a total of not more than 15,000 shares of common stock to certain eligible employees. The Plan terminated on December 31, 1960. A total of 13,815 shares were issued under the Plan and the options on the balance of shares, namely 1185, expired on December 31, 1960.

On April 11, 1960, stockholders approved a Restricted Stock Option Plan which authorized the granting of options for a total of not more than 15,000 shares of common stock to executives and key employees. The amount of stock that may be purchased by any eligible employee is limited to 10% of his gross monthly salary. Salary deductions commenced on January 1, 1961. The option price for said stock is 95% of the closing market price on the New York Stock Exchange on June 15 and December 15 of each year, commencing on June 15, 1961. The Plan terminates on December 31, 1963, or at any time earlier when 15,000 shares of stock have been purchased by eligible employees or if discontinued by the Board of Directors. A total of 157 employees have joined the Plan. Executives and key personnel are entitled to purchase 2,419 shares based upon their present salaries and the market value of the stock as of January 1, 1961.

NOTE 5 Contingent Liability - Claim for state sales tax for years 1952 to 1955 which at present is uncertain as to amount.

AUDITOR'S CERTIFICATE

TO THE STOCKHOLDERS OF
NEISNER BROTHERS, INC.

We have examined the consolidated balance sheet of Neisner Brothers, Inc. and subsidiary companies as at December 31, 1960, and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated income and surplus present fairly the financial position of Neisner Brothers, Inc. and subsidiary companies at December 31, 1960, and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO
INCORPORATING
WILSON, SHULTS & CO.
Accountants and Auditors

ROCHESTER, NEW YORK
FEBRUARY 15, 1961

CONSOLIDATED PROFIT & LOSS STATEMENT AND SURPLUS ACCOUNTS • YEAR ENDED DEC. 31, 1960

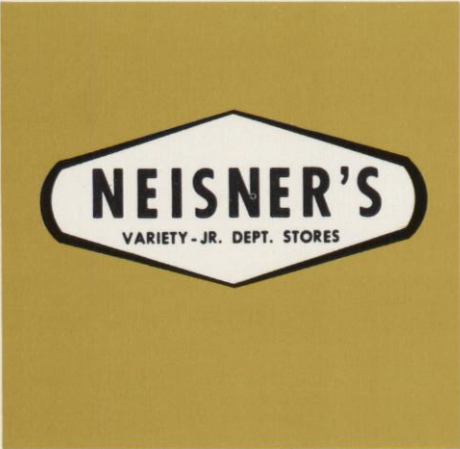
SALES	\$73,491,509.90	
OTHER INCOME	<u>1,396,502.37</u>	\$74,888,012.27
DEDUCT		
Cost of Sales and General Expenses	\$73,386,632.05	
Amortization and Depreciation	1,075,483.60	
Miscellaneous Deductions	64,632.76	
Provision for Federal Income Tax	200,400.00	
Provision for State Taxes	<u>45,400.00</u>	
Total Deductions		<u>74,772,548.41</u>
NET INCOME TO SURPLUS		\$ 115,463.86

ANALYSIS OF CONSOLIDATED EARNED SURPLUS ACCOUNT

BALANCE JANUARY 1, 1960	\$16,461,384.15
ADDITION	
Net Income from Profit and Loss Statement	<u>115,463.86</u>
TOTAL	\$16,576,848.01
DEDUCTIONS	
Dividends Paid on Common Stock at \$.75 a Share	<u>471,203.15</u>
BALANCE DECEMBER 31, 1960	\$16,105,644.86

ANALYSIS OF CAPITAL SURPLUS ACCOUNT

BALANCE JANUARY 1, 1960	\$ 546,469.46
ADD	
Premium Received on Issuance of 5,368 Shares of Common Stock to Employees Under Employees' Restricted Stock Purchase Plan	<u>55,767.40</u>
BALANCE DECEMBER 31, 1960	\$ 602,236.86



COMPARATIVE RESULTS IN BRIEF

	1960	1959
Sales	\$73,491,509.90	\$69,729,800.67
Federal & State Income Taxes	245,800.00	597,800.00
Net Profit	115,463.86	511,128.69
Earnings per Share	0.18	0.81
Common Dividend	471,203.15	499,043.60
Amount Added to Earned Surplus	355,739.29*	12,085.09
Earned Surplus	16,105,644.86	16,461,384.15
Total Assets	28,125,261.36	28,226,995.43
Current Assets	15,765,390.58	16,202,609.62
Cash	1,871,833.21	2,014,142.14
Inventories	13,227,599.74	13,632,669.65
Working Capital	8,180,527.94	9,160,616.80
Stores in Operation at End of Period	170	162

*Red figure

A TEN YEAR SUMMARY

	Net Sales	Net Earnings	Earnings Per Share on Common Stock	Dividends Per Share Paid on Common Stock	Amount Reinvested in Business	Stores In Operation at Year End
1951	61,801,123.32	1,376,591.25	2.11	1.00	681,814	125
1952	63,830,955.12	1,330,500.50	2.04	1.00	639,767	127
1953	66,742,814.48	1,386,452.05	2.12	1.00	699,230	129
1954	64,970,840.73	1,112,692.31	1.69	1.00	425,041	132
1955	68,829,197.58	1,300,972.88	2.00	1.00	549,809	139
1956	69,174,885.79	927,526.01	1.50	1.00	308,824	142
1957	69,633,871.80	488,934.75	0.79	1.00	129,767†	149
1958	67,086,003.90	271,602.46	0.43	0.80	224,241†	152
1959	69,729,800.67	511,128.69	0.81	0.80	12,085	162
1960	73,491,509.90	115,463.86	0.18	0.75	355,739†	170

†Red figure

EXPANSION

Our Real Estate Program during the past year has again indicated real progress in two directions. You will note that we opened 14 new stores—practically all of them in shopping centers—and, at the same time, closed 6 unprofitable units. We completed a major modernization of our downtown store in Cincinnati, Ohio, and made improvements to the appearance and efficiency of several other stores. Three such remodelings are planned currently with the possibility of others later in the year. At year-end, we had 123 stores on self-service type of operation.

Our expansion in 1961 will be a bit slower than during the past two years. We expect to open 8 or 9 stores and close at least 3. We have already opened stores in Trenton, New Jersey, and Penn Yan, New York, and have definitely scheduled dates for Stuart, Florida, and Miami Beach, Florida. Enlargement of our Key West, Florida, unit will be completed in early April.

We shall continue to open stores in the manner of the past five or six years and, at the same time, dispose of unsuccessful or small-volume stores. As has been pointed out in previous reports, this will enable us to make better use of inventory, personnel, and supervision.

We continue to be satisfied with results of stores opened during the past few years as their individual and collective results are so much better than the older stores. Our Balance Sheet will indicate that we had a small increase in Net Fixed Assets as planned. We expect that this account will decrease somewhat during the current year.

OUR
50th
YEAR



WE HAVE LEASES FOR NEW STORES IN THE FOLLOWING COMMUNITIES:

CONNECTICUT
Bloomfield
*Newington
West Hartford

ILLINOIS
Crystal Lake

IOWA
Burlington

FLORIDA
Avon Park
Dade City
Lake City
*Miami Beach
Palmetto
*St. Petersburg
*Stuart
*Tallahassee

NEW YORK
Lowville
Rome
Sidney
Utica

TEXAS
San Antonio (2 stores)

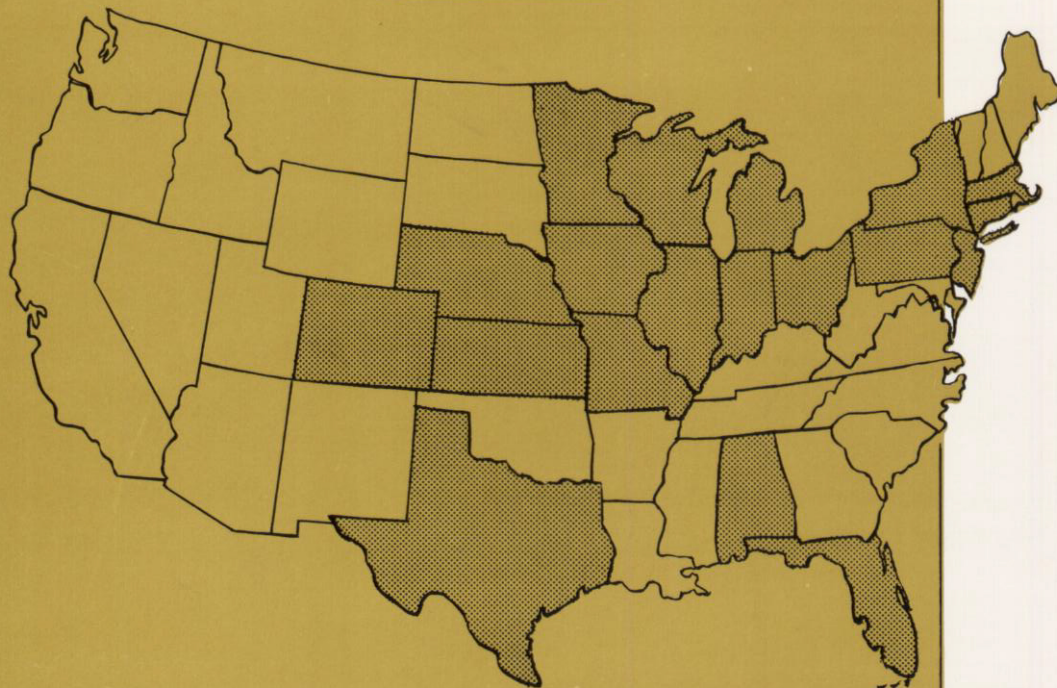
*Indicates units presently scheduled
for 1961 opening.



OUR
50th
YEAR

171 STORES

19 STATES



ALABAMA (1)

Mobile

COLORADO (1)

Denver

CONNECTICUT (4)

*Bloomfield

*Newington

*West Hartford

Wethersfield

DISTRICT OF COLUMBIA (1)

Washington

FLORIDA (26)

*Avon Park

Brandon

Cocoa

Cutler Ridge

*Dade City

Ft. Lauderdale

Gainesville

Hialeah

Jacksonville

Key West

*Lake City

Miami (2)

*Miami Beach (3)

Ocala

*Palmetto

Pompano Beach

Port Charlotte

*St. Petersburg

*Stuart

*Tallahassee (2)

Tampa (2)

ILLINOIS (24)

Berwyn

Chicago (16)

Cicero

*Crystal Lake

Evanston

Joliet

Melrose Park

Oak Park

Waukegan

INDIANA (2)

Evansville

Fort Wayne

IOWA (7)

*Burlington (2)

Cedar Rapids

Dubuque

Newton

Sioux City

Spencer

KANSAS (1)

Salina

MASSACHUSETTS (5)

Boston

Holyoke

Pittsfield

Springfield (2)

MICHIGAN (30)

Dearborn

Detroit (20)

Escanaba

Ferndale

Hamtramck

Highland Park

Lincoln Park

Muskegon

Pontiac

Royal Oak

Wyandotte

MINNESOTA (2)

Rochester

St. Paul

MISSOURI (4)

Clayton

Maplewood

St. Louis

Wellston

NEBRASKA (1)

Omaha

NEW JERSEY (6)

Camden

East Paterson

Irvington

Middletown

Paramus

Trenton

NEW YORK (37)

Albany

Auburn

Binghamton

Buffalo (5)

Dunkirk

Geneva

Grand Island

Hamburg

Lockport

*Lowville

Newark

Niagara Falls (2)

Penn Yan

Plainview

Plattsburgh

Port Chester

Potsdam

Rochester (5)

*Rome (2)

Staten Island

Syracuse

Tonawanda

*Unadilla

Utica

Watertown

Webster

*Whitesboro

OHIO (16)

Akron

Ashtabula

Cincinnati

Cleveland (5)

Elyria

Lima

Lorain (2)

Mansfield

Massillon

Norwood

Sandusky

PENNSYLVANIA (4)

Braddock

New Castle

Pittsburgh

Wilkes Barre

TEXAS (17)

Beaumont

Brownsville

Corpus Christi

Dallas

Del Rio

El Paso

Freeport

Houston

Laredo

Lubbock

Port Arthur

*San Antonio (5)

Wichita Falls

WISCONSIN (1)

Racine

*One store not open in each of these cities at March 10, 1961.